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# China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

PRC STATE COUNCIL BULLETIN

No 9, 10 April 1985

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22 January 1986

## CHINA REPORT

### POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

PRC STATE COUNCIL BULLETIN

No 9, 10 April 1985

Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 9, 10 Apr 85

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Beijing STATE COUNCIL BULLETIN in Chinese No 9, 10 Apr 85 p 222

[Order No 23 of the President of the PRC]

[Text] In accordance with the decision of the 10th meeting of the 6th NPC Standing Committee on 21 March 1985:

1. Appoint Lu Peijian Auditor General of the Auditing Administration.

Remove Yu Mingtao from the post of Auditor General of the Auditing Administration.

2. Appoint Chen Muhua (female) (concurrent) President of the People's Bank of China.

Remove Lu Peijian from the post of President of the People's Bank of China.

3. Appoint Zhen Tuobin Minister of Foreign Economic Relations and Trade.

Remove Chen Muhua (female) from the post of Minister of Foreign Economic Relations and Trade.

PRC President Li Xiannian

21 March 1985

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CSO: 4005/115

## INSURANCE REGULATIONS PROMULGATED

Beijing STATE COUNCIL BULLETIN in Chinese No 9, 10 Apr 85 pp 228-231

[Provisional Regulations on Governing Insurance Enterprises; promulgated by the State Council on 3 March 1985]

(Guo-fa [0948 4099] (1985) No 33)

[Text] Chapter I. General Principles

Article 1. To strengthen the state's control over insurance enterprises, promote the development of the insurance industry, safeguard the interests of the party insured (called the insured in policies or certificates of policy) and develop the insurance industry's role of economic compensation to facilitate socialist modernization and stability in the people's livelihood, these regulations are specially formulated.

Article 2. These regulations are applicable to enterprises engaged in various kinds of insurance business.

Article 3. All state, collective or individual property in the territory of the PRC, which requires insurance, should be insured by an insurance company inside the territory of China.

Article 4. The state insurance administration organ is the People's Bank of China.

The state insurance administration organ performs the following functions: formulates the principles and policies of the insurance industry, approves the establishment of insurance enterprises, guides and supervises the business activities of insurance enterprises, examines and decides basic insurance terms and premium rates, checks the accounts and vouchers of insurance enterprises, and metes out economic sanctions, to the extent of ordering a shut down of insurance enterprises which have transgressed state law, regulations or policies, or encroached on the legitimate rights and interests of the insured.

Article 5. The state encourages insurance enterprises to develop business in rural villages to provide insurance services for peasants. Insurance enterprises should support the peasants' practice of voluntarily pooling funds by issuing shares to establish rural mutual-aid insurance cooperatives. The scope of business and methods of administration for these cooperatives shall be decided separately.

## Chapter II. Establishment of Insurance Enterprises

Article 6. The establishment of an insurance enterprise and the operation of an insurance business must be approved by the state insurance administration organ and applications must be submitted to government industrial and commercial administrative organs for a business license. Those who engage in the insurance business without authorization or a business license shall be investigated and punished jointly by the state insurance administration organ and the industrial and commercial administrative organ.

When applying for the establishment of an insurance enterprise, the following documents should be submitted to the state insurance administration organ:

- 1) the charter of the enterprise (clearly stating the name, scope of business, source of funds and organization and structure of the enterprise);
- 2) certificate proving the amount of capital paid up; and
- 3) a namelist of the leaders of the enterprise.

Article 7. Any change in the charter, amount of capital and leaders of an insurance enterprise must be approved by the state insurance administration organ.

Article 8. The actual amounts of paid up capital for insurance enterprises are as follows:

- 1) for an insurance company that conducts life insurance business, not less than 20 million yuan;
- 2) for an enterprise that is engaged in insurance business other than life insurance, not less than 30 million yuan; and
- 3) for an enterprise that simultaneously conducts insurance business in articles 1) and 2), not less than 50 million yuan.

Article 9. An insurance enterprise should put aside 20 percent of its cash funds as a cash bond, to be deposited in a bank designated by the state insurance administration organ and not withdrawn unless approval is obtained from the state insurance administration organ.

Article 10. An insurance enterprise that simultaneously undertakes life insurance business and other insurance business should keep separate accounts for its life insurance business.

### Chapter III. The People's Insurance Company of China

Article 11. The People's Insurance Company of China is a state enterprise that conducts insurance and reinsurance business.

The People's Insurance Company of China is engaged in the following business activities:

- 1) various kinds of insurance and reinsurance business;
- 2) advisory services for other insurance enterprises;
- 3) international activities related to insurance business in accordance with power delegated by and on behalf of the state; and
- 4) other business authorized by the state.

Article 12. Except for laws and regulations to the contrary or for what is approved by the State Council, the following business can only be conducted by the People's Insurance Company of China:

- 1) legal insurance;
- 2) insurance business where payments are made in foreign exchange;
- 3) insurance business serving state enterprises, enterprises with foreign investment, enterprises with Chinese and foreign joint capital and enterprises of Chinese and foreign cooperation; but local state-owned enterprises can engage in insurance business that serve the local state enterprises in their areas; and
- 4) international reinsurance business.

### Chapter IV. Solvency and Reserves

Article 13. The minimum solvency required of an insurance enterprise conducting insurance business other than life insurance is the amount remaining after subtracting liabilities from actual assets, not to be less than that stipulated by the state insurance administration organ. Inadequate amounts should be made up by increasing capitalization.

Article 14. The minimum solvency required of an insurance enterprise conducting long-term life insurance business is a reserve in long-term life insurance which must not be less than the total liability of valid insurance. Inadequacies should be made up by increasing capitalization.



Article 15. To guarantee the rights and interests of the insured, insurance enterprises must adequately maintain the following kinds of reserves:

1) Unexpired Liability Reserves

An enterprise conducting insurance business other than life insurance should transfer from retained premium income of the year its reserve for unexpired liability. The total amount of the transfer should be equal to 50 percent of the retained premium income.

2) Personal Insurance Reserves

An insurance enterprise conducting life insurance business should transfer reserve funds to maintain a reserve equal to the total net value of all valid long-term personal policies plus 50 percent of the retained premium income of the year from the life insurance business in the year and the year before.

The net value (refers to the total amount of liabilities which insurance enterprises should pay to insured parties) of all valid long-term life policies as a separate item must be audited by an accountant specially appointed by the state insurance administration organ.

3) General Reserves

The People's Insurance Company of China and all other state insurance companies shall make annual transfers of all retained profits to their general reserves after paying all taxes and taking all reductions according to regulations.

The amount to be retained and transferred for other nonstate-owned insurance enterprises shall be decided upon separately by the state insurance administration organ.

Article 16. The reserve for life insurance and for other insurance business stipulated in Article 15 of these regulations must be maintained separately and may not be used in substitution for each other.

Article 17. The state insurance administration organ may stipulate how insurance enterprises are to use their insurance reserve, and insurance enterprises should observe the relevant regulations of the state insurance administration organ.

Chapter V. Reinsurance

Article 18. An insurance enterprise established in accordance with Article 6 of these regulations must reinsure at least 30 percent of all its insurance business with the People's Insurance Company of China.

Article 19. Unless special approval is obtained from the insurance administration organ, an insurance enterprise engaging in insurance business other than life insurance should not undertake on its own the liability for each unit of

risk that exceeds 10 percent of the total sum of its actual paid up capital and general reserve. For the portion which exceeds this limit it must reinsure with the People's Insurance Company of China.

Article 20. Except for the insurance enterprises specially designated by the state insurance administration organ, no insurance enterprise shall reinsure with or accept reinsurance business from any foreign insurance company or from any foreign person who conducts insurance business.

#### Chapter VI. Supplementary Articles

Article 21. The meanings of the following terms in these regulations:

- 1) Life insurance: this denotes the compensation paid by an insurance enterprise to an insured person or beneficiary upon death, injury, illness or retirement, or when the period of insurance expires.
- 2) Insurance business other than life insurance: refers to property insurance, agricultural insurance, responsibility insurance, guarantee insurance, credit insurance, and so on.
- 3) Reinsurance: The practice of an insurance enterprise transferring a part or all the insurance liability that it has undertaken to another insurance enterprise.
- 4) Unit of risk: The scope of losses that may be caused by one disaster or accident of the insured. This forms a basis for an insurance enterprise to calculate the maximum insurance liability that it can undertake.

Article 22. Articles 18 and 20 of these regulations are applicable to the mutual insurance organizations of shipowners.

Article 23. These regulations are not applicable to social insurance.

Article 24. These regulations go into effect on 1 April 1985.

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CSO: 4005/115

CIRCULAR CAUTIONS AGAINST HIGH PRICES, EXCESSIVE PROFITS

Beijing STATE COUNCIL BULLETIN in Chinese No 9, 10 Apr 85 pp 231-233

[State Council Circular on Strengthening Price Control and Inspection  
(13 March 1985)]

(Guo-fa [0948 4099] 1985 No 36)

[Text] At present, the nation's political and economic situation is very good and it is a favorable time for carrying out price reform. Since the second half of last year, however, some departments, enterprises and individuals have disregarded the interests of the state and the masses, abused the reform, raised prices indiscriminately or disguised price increases and resold commodities and consumer goods in short supply to reap excessive profits and thus disrupted the market. This is a manifestation of erroneous thinking in business and of an unhealthy work style in the party and is behavior that violates law and discipline. If the practice is allowed to develop, it will increase costs in industrial and commercial enterprises and of capital construction, foster wild fluctuations in market prices, and interfere with and undermine the smooth progress of economic structural reform. The State Council holds that while enlivening the economy, we must vigorously strengthen management, supervision and examination of prices and resolutely stop this unhealthy trend. For this purpose, the following circular is specially issued:

1. Major price reform measures and readjustments in prices of important commodities must be carried out in accordance with unified arrangements of the State Council. At present, prices of some products under the state's central control are indeed irrational and in need of gradual readjustment. However, this readjustment must be decided by the state after taking into consideration the overall situation. Area, department, or industrial or commercial enterprise shall not readjust prices on their own.

2. All means of livelihood with prices determined by the state must be sold at the prices (including floating prices) prescribed by the state, and must not be changed without authorization. When industrial enterprises sell directly to consumers what they are allowed to sell on their own, prices must not be higher than retail prices determined by the state; and when they sell what they are permitted to retail enterprises, prices must not exceed

wholesale prices. Trade units are not allowed to buy at retail prices or at prices exceeding retail prices and then sell at still higher prices. The prices of commodities produced by collective light industrial enterprises and rural and small town enterprises and the commodities that rural supply and marketing cooperatives deal in must be set according to relevant state regulations.

3. All means of industrial production with prices fixed by the state must be sold strictly at prices (including the range of price increases, floating prices and provisional prices determined by the state) prescribed by the state. Prices for means of industrial production that enterprises are allowed to sell by themselves may be determined by the enterprise itself, but management and guidance should be strengthened over this practice. Important means of production must be sold in means of production trading centers. Prices must be publicly displayed and sales tax paid in accordance with regulations. Prices must be decided on both buyer and seller through negotiation. Unless special regulations by the state rule otherwise, state-owned and collective industrial and commercial enterprise, and departments dealing in materials and goods shall not change, in anyway, the products included in planned targets into products that are not included in planned targets and then sell them at excessively high prices. Selling these products to their subordinate service companies or units for resale at higher prices is also not permitted. Punish resolutely those who illegally purchase goods to resell at profits, buy or sell short, demand kickbacks, or fraudulently raise prices. Prices of agricultural means of production supplied by state industrial and commercial enterprises and supply and marketing cooperatives also must not be increased at will.

4. The business of supplying important means of production and of wholesaling durable consumer goods which are in short supply must be controlled by state commercial enterprises, supply and marketing cooperatives, materials and goods supply and marketing departments and those units which produce these products. Other units or individuals are not allowed to wholesale these products.

5. For agricultural and sideline products regulated by market mechanisms, the state commercial enterprises and supply and marketing cooperatives should adopt economic measures, actively participate in the market and sell these goods in large volumes at low profit margins to stabilize prices. Goods should not be downgraded to reduce prices or upgraded to inflate prices. Units and individuals who purchase should comply with commodity prices at the sources and with the management of industrial and commercial administrative departments. Rushing to purchase goods when prices are high is strictly forbidden.

6. The service and catering industries must not increase prices and service charges without authorization. The resale of train, bus, ship and other tickets is strictly prohibited.

7. The people's governments at various levels should organize the strength of relevant departments and focus on satisfactorily grasping management, supervision and examination of prices of goods from state-owned and collective enterprises and institutions. Units and individuals abusing the reform to

conduct unauthorized price increases or disguise prices or level unauthorized charges should be stringently examined and punished in accordance with the "Provisional Regulations on Price Control" (note: the "Provisional Regulations on Price Control" was published in 1982, No 13, of this bulletin) and with relevant state regulations. Illegal income must be confiscated; in addition, there should be fines and economic sanctions for offenders and leaders of offending units and bonuses suspended and wages garnished for specified periods, so that they will absolutely not be able to benefit economically. When necessary, orders should be issued to force the suspension of business and business licenses consolidated or withdrawn. In serious cases, there should be party and administrative disciplinary action to severely punish units and individuals who repeat offenses, and legal punishment if laws are violated.

8. The task of management, supervision, and examination of prices of goods is very heavy. Therefore, the people's governments at various levels and various operational units must strengthen price control organizations and restore them if they have been merged or dissolved. Closely coordinate pricing, taxation, industrial and commercial administration, banking, assessment and auditing departments, and request trade unions, women's federations and other mass organizations to jointly and satisfactorily control prices. Give full play to the role of consumer associations and to employee and neighborhood volunteer organizations for price supervision and mobilize and rely upon the broad masses of people to do a good job in supervising and examining prices.

Relevant departments of the State Council, and the responsible departments in provinces, autonomous regions and municipalities should conscientiously investigate the implementation of price policies and the imposition of price discipline, and strengthen work in managing, supervising and examining prices in sectors under their jurisdiction. They should rely on employees in the enterprises concerned, strengthen supervision over prices, and popularize the effective movement in which "enterprises strive to be reliable in price and measurements."

9. When price control and industrial and commercial administrative departments investigate and handle price violations in accordance with relevant state policies and regulations, leading groups should be supportive. Praise, reward and protect units and individuals who have set examples in implementing price policies and observing price controls and the people who have achieved merit in reporting and exposing activities that violate laws and controls. Strictly forbid retaliation against price inspection personnel or against those who have reported or exposed offenders. Investigate, determine responsibilities and severely punish those who would shield, protect or connive with offenders.

10. Localities may formulate concrete administrative measures in accordance with the spirit of this circular, and in light of local situations, implement these measures after they are approved by people's governments.

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CSO: 4005/115

## STATE COUNCIL ASSAILS WINDFALL PROFITS

Beijing STATE COUNCIL BULLETIN in Chinese No 9, 10 Apr 85 pp 233-234

[State Council Circular on Strictly Prohibiting Instant Selling for Profits  
(13 March 1985)]

(Guo-fa (1985) No 37)

[Text] Recently, some illegal activities involving the quick resale of goods for windfall profits have emerged in the marketplace. Some units and individuals have exploited loopholes in diverse prices and regulatory measures and resold for profit major means of production such as rolled steel and automobiles, and durable consumer goods such as color television sets that are in short supply. Some even have resold delivery receipts and distribution quotas for these commodities, and transferred the commodities repeatedly without moving them out of the warehouses, charging a higher price with each transfer. Others have used counterfeit contracts, invoices, and certificates to conduct speculation and fraud. These unlawful activities have undermined normal circulation of commodities, disrupted markets and prices, disturbed social and economic order, harmed the interests of the state and the masses, interfered with current economic structural reform so must be resolutely eliminated. For this purpose, the following circular is specially issued:

1. The wholesale trade of major means of production and durable consumer goods in short supply can only be carried out by state-owned commercial enterprises, materials and goods supply and marketing departments, supply and marketing cooperatives and enterprises that produce these commodities. Other units or individuals are not allowed to do this business. Agents are not allowed to introduce buyers to sellers for profit.
2. Retail shops are not allowed to illegally purchase commodities in short supply and then resell them at inflated prices. The resale of certificates of planned supply is forbidden.
3. In on-the-spot transactions of commodities with prices (including floating prices) fixed by the state, strictly enforce the pricing fixed by the state. Prices must not be increased at will. Additional charges in any form are not allowed.
4. Resolutely eliminate and severely crack down on counterfeit contracts, invoices and certificates to conduct speculation and fraud.

5. People's governments at all levels should organize industrial and commercial administrative, pricing, taxation, banking, audit and other relevant departments to immediately and conscientiously investigate and severely punish on-the-spot resales for profit of major means of production and durable consumer goods in short supply, and to resolutely ban these activities. Industrial and commercial administrative departments should confiscate all illicit income from the resales, and tax authorities should collect all taxes evaded. In serious cases, in addition to economic sanctions, there should also be investigations and the determining of responsibilities in leadership so as to weigh disciplinary action. For violations of criminal law and for economic crimes, judicial organs should render legal punishment according to the law.

6. The scope and categories of major means of production and durable consumer goods in short supply banned from on the spot resale are to be studied and decided by the State Administration for Industry and Commerce, the Ministry of Commerce and the State Supplies Bureau and will be readjusted in light of the market supplies situation. The people's governments of various provinces, autonomous regions, and municipalities can study and decide the scope and categories of the ban for their own areas in accordance with the regulations of the state and promulgate their decisions for implementation.

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CSO: 4005/115

MOFERT REQUEST CONCERNING EXPORT LICENSING SYSTEM APPROVED

Beijing STATE COUNCIL BULLETIN in Chinese No 9, 10 Apr 85 p 235

[State Council Circular Approving and Transmitting a Request by the Ministry of Foreign Economic Relations and Trade Concerning the Application of the Export Licensing System to the Export of Cotton Yarn, Cotton Grey Cloth, Cotton Polyester Yarn, and Cotton Polyester Grey Cloth to Hong Kong (19 January 1985)]

(Guo-fa (1985) No 10)

[Text] The State Council has approved the "Request Concerning the Application of the Export Licensing System to the Export of Cotton Yarn, Cotton Grey Cloth, Cotton Polyester Yarn, and Cotton Polyester Grey Cloth to Hong Kong" submitted by the Ministry of Foreign Economic Relations and Trade, hereby transmitted. Thorough implementation is expected.

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CSO: 4005/115



## EXPORT LICENSING SYSTEM TO BE APPLIED TO COTTON, POLYESTERS

Beijing STATE COUNCIL BULLETIN in Chinese No 9, 10 Apr 85 pp 235-236

["Request for Instruction by the Ministry of Foreign Economic Relations and Trade Concerning the Application of Export Licensing System to the Export of Cotton Yarn, Cotton Grey Cloth, Cotton Polyester Yarn, and Cotton Polyester Grey Cloth to Hong Kong" (Abstract) (8 December 1984)]

[Text] According to reports, cotton yarn, cotton grey cloth, cotton polyester yarn and cotton polyester grey cloth is being exported blindly to Hong Kong. This has given rise to the situation where supply exceeds demand and resulted in our nation sustaining economic losses. In addition, this is not beneficial to maintaining the prosperity and stability of Hong Kong.

In accordance with the above situation, the following ideas are suggested:

1. That four categories of textiles--cotton yarn, cotton grey cloth, cotton polyester yarn, and cotton polyester cloth--be subject to uniform control by the China National Textiles Import and Export Corporation. These four categories are semi-finished products and we already have appropriate production technology and production capacity as well as sufficient raw materials to process them. Thus, it is appropriate that in future we should not, in principle, adopt the methods of processing materials supplied from abroad, compensatory trade or joint ventures in regard to the production and export of these four classes of textiles. If there is a special need to sign new contracts, a report must be made to the Ministry of Foreign Economic Relations and Trade for examination and approval.
2. Because the Hong Kong market is limited, the quantities of the above-mentioned four types of textiles (including products processed from materials supplied from abroad and compensatory trade products for which contracts have already been signed) which are exported must be strictly controlled. From 1 February 1985, an Export Licensing system be thoroughly implemented, with control of the permits in the hands of the Ministry of Foreign Economic Relations and Trade. Contracts already signed by Guangdong and other provinces in respect of processing of materials supplied from abroad and compensatory trade should be taken into consideration when issuing permits.

3. We should establish a cotton grey cloth coordination group and make all efforts to urge those companies and enterprises with operational autonomy to participate in it. The group will coordinate the normal export of the four above-mentioned textiles, the export prices in respect of processing materials supplied from abroad and compensatory trade, levels of processing charges and coordination of markets and customers and will also report on the situation to relevant organs. The coordination group will be under the leadership of the Ministry of Foreign Economic Relations and Trade and will assist in administrative and management work.

4. The above methods should also be applied in regard to exports to Macau and Japan.

5. Customs departments should be requested to exercise strict supervision and management and to handle those who export these textiles without permits in accordance with the law.

If the above ideas are feasible, it is requested that they be approved and transmitted to all regions and relevant departments for implementation.

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CSO: 4005/115

REPORT ON LANGUAGE REFORM SYMPOSIUM TRANSMITTED

Beijing STATE COUNCIL BULLETIN in Chinese No 9, 10 Apr 85 p 237

["State Council General Office Circular Transmitting a Report by the Written Chinese Language Reform Committee on the Written Language Reform Symposium (2 March 1985)"]

(Guobanfa (1985) No 17)

[Text] The "Report of the Symposium on Written Chinese Language Reform Work" has been approved by the State Council and is herewith transmitted for implementation.

The reform of the Chinese written language is an important aspect of social progress and modernization, and governments and departments at all levels should heed and support this work. We must actively popularize and spread putonghua, study and systematize the characters in current use and further promote the "Hanyu Pinyin Program" so that Chinese characters and Hanyu Pinyin can better serve our nation's modernization. Provinces, autonomous regions and directly-administered cities must take language and character standardization work seriously and, in accordance with the situation, decide whether or not to establish appropriate organs. The written Chinese Language Reform Committee and education departments should do well together in preparatory work for the Second National Conference on Written Language Reform to be convened in 1985.

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CSO: 4005/115

## FIVE-DAY SYMPOSIUM ON LANGUAGE REFORM HELD

Beijing STATE COUNCIL BULLETIN in Chinese No 9, 10 Apr 85 pp 237-238

[Report by the Written Chinese Language Reform Committee on the Written Language Reform Symposium (1 February 1985)]

[Text] We convened a symposium on the work of reforming the written language in Beijing from 16-20 October 1984 to study relevant problems in the policies and tasks in the new period of written language reform work and in further developing this work. More than 60 people participated, including representatives from education departments and bureaus and written language reform organs from 26 provinces, autonomous regions and directly-administered cities and other concerned persons. During the symposium, Comrade Hu Qiaomu listened to the report and brought up important suggestions. The symposium stressed the discussion of the following topics.

### 1. On the Policies and Tasks in Written Language Reform Work in the New Period

The symposium held that, under the nation's new historical circumstances, it should persist in the policy that it is necessary to gradually implement reform of the written language, and move in the direction of all world languages towards romanization, but this would not affect the continued existence and use of characters. For quite a long period to come, characters and Hanyu Pinyin will continue to coexist and complement each other, serving modernization efforts together. At present, the main tasks of written language reform are: to actively popularize and disseminate putonghua; to study and systematize the characters in current use and to formulate various standards in the use of modern Chinese characters; to further promote the "Hanyu Pinyin program" so that it is perfected and standardized through practice; to strengthen relevant social investigation and scientific research in written language reform; to carry out varying degrees of experiments, and to strive to serve society.

### 2. On the Question of Provincial, Autonomous Region and Directly-Administered City Organs Carrying Out Written Language Reform Work

Prior to the "Cultural Revolution," the State Council established a Written Language Reform Committee and a Central Putonghua Popularization Work Committee. Now, the Written Language Reform Committee is directly subordinate to the State Council, while the Central Putonghua Popularization Work Committee has not yet been revived. Throughout the country, only a few provinces and cities have established organs for reform of the written language or the popularization

putonghua. To further develop language reform (including the popularization of putonghua) it is requested that the State Council instruct the people's governments of provinces, autonomous regions and directly-administered cities to study how to do well in the work of standardizing the language and characters (including the popularization of putonghua). Apart from those provinces, autonomous regions and directly-administered cities which have already established written language reform committees, other provinces, autonomous regions and directly-administered cities should consider, in the light of their actual situations, whether or not to establish written language reform committees or putonghua popularization work committees. If such organs are established, leading cadres from the education, cultural, health, science and technology, propaganda, industry, transportation, posts and telecommunications, commerce, travel, public security, PLA, trade union, youth and women's units can act as concurrent committee members. The committees should establish offices to handle routine work. Those provinces, autonomous regions and directly-administered cities which do not set up committees should establish written language reform or putonghua popularization work offices. These offices can be established within education departments (bureaus) and can handle administrative and coordination work. The written language reform or putonghua popularization work committees are each to be allocated three to five specialized cadres (authorized strength) by provinces, autonomous regions or directly-administered cities.

### 3. On the Convening of the Second National Conference on Written Language Reform

The First National Conference on Written Language Reform was jointly convened by the written language reform committee and the Ministry of Education 30 years ago in 1955. The Written Chinese Language Reform Committee and the Ministry of Education plan to jointly convene the Second National Conference on Written Language Reform in Beijing in autumn this year. The scale and dates of the conference have not yet been fixed. The conference program will include: summing up the positive and negative experiences of written language reform work over the last 30 years; further clarifying the policies and tasks of written language reform in the new period; formulating the written language reform plans for the Seventh 5-Year Plan; the commendations of advanced units; and the promotion of written language reform work.

If the above suggestions are appropriate, it is requested that the report be approved and circulated to all regions and departments for implementation.

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CSO: 4005/115

## QUALITY CONTROL GUIDELINES PROMULGATED

Beijing STATE COUNCIL BULLETIN in Chinese No 9, 10 Apr 85 pp 239-241

[Provisional Quality Control Methods; Approved by the State Council on 7 March 1985 and promulgated by the State Standardization Bureau on 15 March 1985]

(Guohanzi [0948 0428 1316] (1985) No 32)

[Text] Article 1. These measures have been formulated in accordance with the relevant stipulations of the "PRC Regulations on the Administration of Standardization" to strengthen the supervision of product quality, promote the implementation of product and technology standards by enterprises, and raise product quality and economic results to meet the demands of socialist modernization and people's needs.

Article 2. The State Standardization Bureau will supervise quality control work on the national level while the standardization administration departments under the provincial, autonomous region and directly-administered city governments will handle it regionally. The main tasks are:

- 1) Fully implementing supervision and inspection of product technology standards;
- 2) Being responsible for planning and coordinating quality control networks;
- 3) Managing quality control certification work;
- 4) Participating in the authorization of superior-quality products, supervising and examining the correct use of superior-quality product labels;  
and
- 5) Arbitrating disputes over product quality.

Article 3. The focus of quality control will be on the following:

- 1) Products which involve personal safety or health.

- 2) Key products related to the national economy and the people's livelihood.
- 3) Products which have achieved a reputation for superior quality.
- 4) Market commodities closely tied to the masses.

Article 4. The inspection and calibration of measuring instruments, the testing of medicines and foodstuffs, the quarantine of animals, plants and products, the supervision and examination of the safety of boilers and pressurized containers, the inspection of imported and exported commodities and the inspection of standards concerning ships (including offshore platforms), major equipment and materials used on ships and container ships all to be carried out in accordance with relevant state regulations.

Article 5. The responsible production departments under the State Council should supervise and urge enterprises to implement production and technology standards and to continually improve product quality.

Article 6. Enterprises must implement product and technology standards and be responsible for products quality. Products which leave the factory and are put on sale must reach the technology standards set, and must have a quality control certificate. On the product, or on the packaging used for the product, the name and address of the manufacturer should be indicated. Products requiring safety must be accompanied by an instruction booklet explaining how to use the product safely. Products which are not up to standard must not be shipped or sold as up-to-standard products. It is strictly forbidden to ship or to sell products which are not up to standard and which endanger personal safety or health.

Enterprises should accept quality control of their products by standardization administration departments and should supply test samples and relevant materials in an honest way. They should also provide these departments with convenience in their examination of testing methods and work conditions.

Article 7. Standardization administration departments should, in accordance with the demands of their work, appoint quality control supervisors to be responsible for the inspection of certain products. These supervisors should be selected from engineers and technicians who are very familiar with product and technical standards, have practical experience and are responsible and impartial.

Article 8. The State Standardization Bureau must establish national-level product quality supervision and testing centers as required on the basis of product classifications, to perform quality control work and inspection tasks assigned. National-level quality control and testing centers will be selected from those existing inspection and testing organs and scientific research units which have good testing capabilities, and be decided on by the State Standardization Bureau and relevant departments. These centers will be provided with documents of authority and seals, and their main responsibilities will be:

- 1) To carry out random sampling quality control inspections on similar types of products throughout the nation.
- 2) To conduct inspections for quality control certificates of products, and for arbitration in disputes concerning product quality.
- 3) To inspect quality of products submitted for superior-quality status and of products already granted this status.
- 4) To provide technical guidance and standardized testing methods for organs in areas which perform quality control work on the same types of products handled by the center.
- 5) To undertake or participate in the formulating, revising, testing and verifying of state standards.

Article 9. In the cities where industry is more centralized, the standardization administration departments should, establish sound full-time quality control offices as required.

Article 10. Standardization administration departments should set up quality control stations at all local levels as required, on the basis of product classifications. The standardization administration departments, along with other concerned agencies, shall determine and authorize these quality control stations from among existing organs with stronger testing and inspection capabilities or scientific research units. These stations will be provided with certificates of authority and seals.

Article 11. The major responsibilities of the quality control offices and stations will be:

- 1) supervision and inspection of product quality, arbitration of disputes over product quality and carrying out random inspection of market commodities.
- 2) Inspection of quality of products submitted for superior-quality status and of products already granted such status.
- 3) quality control and inspection of products before they are put into production and inspections to certify the quality of products.
- 4) guiding and assisting enterprises to set up sound product quality control systems and correctly implementing standardized inspection methods.

Article 12. Concerning products which are not produced in accordance with product or technical standards, the standardization administration departments have the right to stop shipments from the factory and for products put on the market, to instruct an enterprise to cease issuing quality control certificates and to recall those products not up to standard and which may endanger personal safety or health.



Article 13. In any of the following situations, the standardization administration departments should according to circumstances, issue a criticism, issue a warning, make a report or require that changes be made within a certain period. In serious circumstances, they can impose fines, investigate and determine administrative and economic responsibility, request the relevant department in charge to order the enterprise to stop production and make readjustments, or suspend the enterprise's production permit or business license:

- 1) Failing to implement product or technical standards.
- 2) Passing off second-grade products as top quality, engaging in fraud, manufacturing in a rough or slipshod way, or seriously violating product or technical standards.
- 3) Producing low-quality goods by failing to arrange basic production and technical conditions.

Those cases which violate criminal laws or other state laws should be handled in accordance with those laws.

Article 14. If the quality of those products which have gained state quality awards or symbols of superior quality declines, and no longer meets superior quality conditions, standardization administration departments have the right to order the enterprises which produce these products to cease using state quality awards or symbols of superior quality on their products, and to order them to restore the original quality within a certain period. If, after that period has elapsed, they have not restored the original quality, the standardization administration department can request the relevant department to cancel the enterprise's superior-quality title, recover the state quality award or superior-quality product certificate or symbol, and report the matter.

Article 15. Quality control personnel must carry out their duties correctly, adhere to principles and be impartial. They must not neglect their duties or engage in fraudulent practices. If they violate these requirements they should, in accordance with the seriousness of the case, be educated through criticism or dealt with through disciplinary measures. In serious cases, legal responsibility should be investigated and determined.

Article 16. The fees to be collected and the specific methods to be used by quality control organs in the supervision and inspection of product quality will be set down by the State Standardization Bureau and the provincial, autonomous region and directly-administered city standardization organs.

Article 17. Provinces, autonomous regions and directly-administered cities may set down specific regulations on the basis of these measures.

Article 18. These measures will go into effect on the date of their promulgation.

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## REGISTRATION OF TRADEMARK

Beijing STATE COUNCIL BULLETIN in Chinese No 9, 10 Apr 85 p 242

[Provisional Regulations Governing Requests for Priority in Trademark Registration; Approved by the State Council and promulgated by the State Administration for Industry and Commerce on 15 March 1985]

(Guohanzi (1985) No 37)

[Text] In accordance with the stipulations of Article 9 of the "PRC Trademark Law" (Carried in the 1982, No 14 issue of this Bulletin) and Article 4 of the "Paris Convention on the Protection of Industrial Property Rights" (Carried in the 1984, No 29 issue of this Bulletin), the following regulations now apply to govern requests for priority in the registration of trademarks in China by citizens of member nations of the Paris Convention.

1. From 19 March 1985, the Trademark Office of the State Administration for Industry and Commerce of the PRC will accept and handle requests for priority in the registration of trademarks in China from citizens of Paris Convention member nations.
2. As from 19 March 1985, any citizen of a Paris Convention member nation submitting a request for trademark registration to any member nation of the Paris Convention, may within 6 months of the first registration and in accordance with the stipulations of the Paris Convention, request priority in the registration of the same trademark for the same product in China.
3. Requests in accordance with the preceding article should be advised in writing at the time of applying for trademark registration. In addition, a copy of the application to register the trademark for the first time in the Paris Convention member nation should be submitted with the request. The copy should be certified by that state's trademark management agency and should bear the date of application and the application number. The copy does not need to be attested. However, if the Trademark Office requires the submission of other documents, they will require attestation.

When submitting the advise of request for priority, if the above-mentioned copy or other documents are incomplete, they can be handed over within 3 months of the application to register the trademark. If no written advice

is received or the copy and relevant documents are not submitted within the 3-month period, it will be considered that no request for priority has been made.

4. If the request for priority is approved, the date on which the first application for trademark registration was submitted in the other Paris Convention member nation will be taken as the date of submittal in China.

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